



City of Fresno



FY 2011 Budget Update – October 21, 2010

FY 2011 Post Budget Adoption Updated Assumptions

- ▶ Actual carryover is \$166,000
 - ▶ Which is less than projected by \$1.0 million
- ▶ Revenue adjustments for FY 2011
 - ▶ Sales tax = reduce by \$1.5 million
 - ▶ Property tax = reduce by \$2.0 million
- ▶ Transfers/debt service
 - ▶ General Fund will pay debt service related to the Convention Center Parking Garage - \$2.5 million
 - ▶ Apply \$100,000 towards Fund Balance Recovery
- ▶ Expenses
 - ▶ FPOA Contract – increase employee service cost by \$3.0 million due to lack of concession agreement
 - ▶ Increase in future expenses require reductions now to maintain fiscal stability/alignment \$1.9 million

FY 2011 Updated Assumptions

	FY 2011
Carryover Shortfall	\$ (1.075)
Sales Tax Adjustment	(1.500)
Property Tax Adjustment (Supplemental)	(2.000)
Parking Fund Debt Service	(2.500)
Additional Deficit Recovery	(0.100)
FPOA Concessions	(3.000)
Budget Shortfall – FY 2011	\$(10.175)
Future Year Alignment	(1.900)
Total Reduction – FY 2011	\$(12.075)

General Fund 5-Year Projections – August 2010

	FY 2011 Post Adopt	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast
Total Resources	206,251	212,741	217,418	222,336	225,854
Expenditures					
Employee Services	140,600	145,081	150,081	150,081	150,081
Retirement Costs	20,132	26,929	24,100	29,000	32,500
All Other	55,543	55,200	55,200	55,200	55,200
Total Expenditures	216,275	227,210	229,381	234,281	237,781
Budget Balancing – Ongoing	(12,000)	----->	----->	----->	----->
Budget Balancing – One time		(3,000)			
Total Resources less Expenditures	1,976	531	37	55	73

Budget Balancing Strategies

- ▶ Approach took into consideration an 18-month horizon
- ▶ General Fund reductions in FY 2011 of \$10.175 million (half year)
 - ▶ \$3.339 million FPOA concessions
 - ▶ \$3.671 million Department reductions
 - ▶ \$3.165 million from citywide adjustments
 - ▶ City Hall debt refinancing; Department consolidations; ISF charge reductions; Employee Leave payoff savings; Deferral of The GAP settlement payment
 - ▶ 35-40 positions directly impacted (29 are currently filled)

Budget Balancing Strategies

- ▶ General Fund Reductions in FY 2012 of \$16.825 million (full year)
 - ▶ \$5.514 million labor concessions
 - ▶ \$6.598 million Department reductions
 - ▶ \$4.713 million from citywide adjustments
 - ▶ Department consolidations; ISF charge reductions; Sales tax accrual, Furlough extension; deferral of The GAP settlement payment

Department Reductions – FY 2011

Department	Reduction
Mayor & City Manager	\$ 50,000
Council (\$25,000 per district)	175,000
DARM	735,000
Police	1,523,000
Fire	793,000
PARCS	260,000
Public Works	84,000
Downtown & Community Revitalization	51,000
Total	\$ 3,671,000

Concessions & Citywide Adjustments – FY 2011

- ▶ FPOA concessions:
 - ▶ Phase I - \$3.0 million
 - ▶ Phase II - \$339,000 (informal discussions)
- ▶ Refinancing of City Hall debt – \$920,000
- ▶ The GAP 1st payment deferral (FAA approved) – \$724,000
- ▶ Facilities charge reduction – \$250,000
- ▶ General Fund legal service usage by departments will be reduced – \$250,000
- ▶ Half-year savings from consolidating departments – \$153,000
- ▶ Employee Leave Payoff savings – \$1.245 million
- ▶ Council discretionary funds – **\$(377,000)**

Department Consolidations

- ▶ Utility Billing & Collection Division
 - ▶ Moved from Finance to Public Utilities
- ▶ General Services Department eliminated
 - ▶ Facilities and Fleet Divisions moved to Public Works
 - ▶ Purchasing and Central Printing Divisions moved to Finance
- ▶ Parks, After School, Recreation & Community Services Department
 - ▶ Parks maintenance moved to Public Works
 - ▶ Recreation and After School functions will remain in PARCS

General Fund Reductions Identified for FY 2012

- ▶ Department reductions – \$6.598 million
- ▶ Full impact of FPOA phase II concessions – \$2.814 million
- ▶ Labor concessions from other units – \$700,000
- ▶ City contribution to Health & Welfare on current rates – \$2.0 million
- ▶ The GAP 2nd payment deferral (FAA approved) – \$724,000
- ▶ Departmental consolidation savings (full year) – \$307,000
- ▶ Extend current furlough through FY 2012 – \$400,000
- ▶ Sales tax accrual – \$3.2 million
- ▶ Full year reduction in General Fund legal services – \$500,000
- ▶ Eaton Plaza project will be postponed freeing up Parks impact fee funds for debt service – \$800,000
- ▶ Replenish Employee Leave Payoff Fund – **\$(1.218)** million

Key Assumptions

- ▶ 5-year projections assume Commercial Solid Waste franchise revenue
- ▶ Assumes further labor concessions
- ▶ Fund Balance Recovery Plan – beginning in FY 2011
- ▶ Sale of Palm Lakes property in FY 2011
- ▶ Assumes development permit increases in FY 2011
- ▶ Assumes no increase in salary contracts beyond current MOU's
- ▶ Sales tax accrual in FY 2012

General Fund 5-Year Projections – October 2010

	FY 2011 Post Adopt	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast
Total Resources	206,251	211,565	217,870	222,691	226,012
Expenditures					
Employee Services	140,751	144,978	149,978	150,278	150,278
Retirement Costs	20,132	26,929	24,100	29,000	32,500
All Other	55,543	55,200	55,200	55,200	55,200
Total Expenditures	216,426	227,107	229,278	234,478	237,978
Budget Balancing Initiatives	(10,175)	(16,825)	(12,000)	(12,000)	(12,000)
Total Resources less Expenditures	(0)	1,283	592	213	34

Fund Balance Recovery Plan

	Amount
Total Funds to recover	\$36.3 million
General Fund Reserve available: \$10.6 million	
Use of Reserve to back recovery	\$10.1 million
Funds that have a workout plan	\$26.2 million
Funds that will be recovered through reserve or workout plan	\$36.3 million

- ▶ Policy is in final draft
- ▶ Workout plans are from 5-10 years in length
- ▶ \$2.6 million from General Fund previously included in the 5-year forecast
- ▶ \$23.6 million from non-General Fund sources
- ▶ Additional detail on specific funds will be provided at workshops

Next Steps

- ▶ Workshop overview October 28, 2010 – Council Chambers
- ▶ Workshops continue November 1st through November 8, 2010 – Room 2165/Meeting Room A
- ▶ Council action on November 18, 2010
- ▶ Implementation on January 1, 2011